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**MEMORANDUM**

TO:	Department of Disability and Aging Services (DAS) Commission
THROUGH:	Kelly Dearman, DAS Executive Director
FROM:	Daniel Kaplan, Deputy Director for Administration and Finance, Human Services Agency (HSA)
DATE:	February 16, 2023
SUBJECT:	Disability and Aging Services Budget for FY 2023-24 & FY 2024-25

Through this memo, we present to you for review and approval the FY 2023-24 and FY 2024-25 budgets for the Department of Disability and Aging Services. In developing this budget, the Human Services Agency used as guidance the budgeting principles described to both the Human Services Commission and the DAS Commission, as well as overarching budget goals set by the Mayor to prioritize programs with demonstrated outcomes centered around restoring vibrancy to San Francisco and contributing to the City’s economic recovery, as well as focusing on accountability and equity in programs, services, and spending.



**London Breed**  
Mayor

**Kelly Dearman**  
Executive Director

As discussed at the DAS Commission meeting on February 1, the budget outlook for the foreseeable future is heavily influenced by the continued effects of the Covid-19 pandemic and its attendant economic impacts, which have been particularly challenging in San Francisco. Weakness in some of the City’s most reliable local revenues – such as property and business taxes – coupled with increasing local expenditures have led to a projected Citywide General Fund deficit of \$200.8 million in FY 2023-24, followed by a shortfall of \$527.5 million in FY 2024-25.

**Reduction Plan**

Consequently, the Mayor’s Office has requested that all departments reduce their discretionary General Fund budgets by 5% in FY 2023-24 and by 8% in FY 2024-25, as well as to be prepared for the possibility of further reductions should economic conditions worsen. Therefore, HSA’s two-year budget submission must include reductions in discretionary General Fund support of \$2 million in FY 2023-24, and \$3.2 million in



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FY 2024-25. Furthermore, despite significant vacancy levels and a widespread shortage of City staff, the Mayor's Office suggests that departments focus on filling positions in core services and exploring opportunities to reclassify/redirect/hold-vacant existing positions to achieve savings wherever possible.

At the State level, the overall economic picture has changed substantially over the past year, which is expected to result in lower than anticipated revenues and an estimated budget deficit of \$22.5 billion in FY 2023-24. At this stage, we anticipate that the less robust State budget and withdrawal of Federal relief funding will present a more challenging budget climate compared to prior years; however, the Governor's initial proposal suggests a commitment to maintaining, and in some instances increasing modestly, core funding in the human services area.

HSA works diligently to maintain critical client aid and services. Overall, the budget proposal prioritizes core functions, minimizes service impacts, and seeks to leverage new revenue opportunities.

### **DAS Budget for FY 2023-24 and FY 2024-25**

The Department's proposed \$489.6 million budget for FY 2023-24 is \$6.4 million, or 1%, more than the original FY 2022-23 budget of \$483.2 million. The department's revenues of \$316.3 million in FY 2023-24 are \$14.1 million, or 5%, higher than FY 2022-23 revenues of \$302.2 million. The budget reflects increased costs related to: a) the In-Home Supportive Services (IHSS) Maintenance of Effort, b) growth in the Dignity Fund as stipulated in the legislation, and c) mandated increases to salaries and fringe benefits in line with existing MOUs or, where MOUs are open, projected inflation. These increases are offset by reductions in other areas, including one-time Board of Supervisors' addback funding, and the Covid-19 feeding budget, which was included in the DAS/HSA budget in FY 2022-23; the City's feeding response budget for FY 2023-24 has not been finalized as of yet.

The budget for FY 2024-25 is similar to FY 2023-24 except for increases in the same three DAS budget items as previously described: the IHSS MOE, Dignity Fund mandated-growth, and salaries and fringe.



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The documents that follow this memo provide additional information about proposed position substitutions, program budget specifics, and other details of the DAS budget.

### **Budget Developments and Initiatives**

#### **In-Home Supportive Services (IHSS) Independent Provider Labor Negotiations**

The current labor agreement between the City – through the IHSS Public Authority – and IHSS independent providers (IPs) – through Service Employees International Union (SEIU) Local 2015 – ends on June 30, 2023. Negotiations around a new Memorandum of Understanding (MOU) between the parties, which would commence on July 1, 2023, are currently underway.

The State’s Maintenance of Effort (MOE) framework – the mechanism by which counties pay for the local share of IHSS program costs – is primarily driven by three factors: a) locally-negotiated increases to IP wages and benefits, b) increases to the hourly rate paid for contract mode IHSS services, and c) a mandated four-percent inflation factor applied to the MOE base each year. While inflation accounts for the largest share of expansion in the City’s MOE obligation each year, increases to IP wages and benefits are by no means insignificant. Therefore, a new MOU between the PA and SEIU Local 2015 will have a large effect on the City’s costs for the IHSS program over the coming years assuming it stipulates a new schedule of IP wage increases.

On July 1, 2022, the IP wage increased from \$18.00 to \$18.75 as per the current labor agreement (and in line with the City’s minimum compensation ordinance), with an additional \$0.50 increase implemented on January 1, 2023, concurrent with the increase in the state minimum wage. Per the terms of the MOE legislation, this \$0.50 increase in the IP wage on January 1 entailed no additional MOE cost to California counties. The City’s MOE obligation for FY 2022-23 is projected to be \$167.8 million.

The budget presented here for consideration includes estimated increases to the MOE – per the cost methodology described above – as follows: \$12.5 million in FY 2023-24 and an additional \$8.6 million in



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FY 2024-25, for a cumulative increase of \$21.2 million relative to the projected FY 2022-23 MOE. Until the new MOU is finalized, this placeholder budget proposal reflects an increase in line with the Consumer Price Index, pursuant to provisions in the existing labor agreement. The estimates, however, are highly contingent upon future IP wage levels, which will be determined through the bargaining process, and adjusted accordingly in the final DAS budget for the upcoming two fiscal years.

### **IHSS Public Authority Live Scan Fee Waiver**

As discussed at the DAS Commission meeting on February 1, San Francisco is facing an acute shortage of in-home caregivers. The sometimes difficult nature of the work, combined with an extremely competitive wage environment, make home care worker recruitment and retention a considerable challenge. For this reason, DAS and its partners, wherever possible, are looking for ways to remove or lessen barriers to entry into the caregiving field.

With this aim, the IHSS Public Authority (PA) budget will be modified in the current fiscal year to include funding which shall cover the cost for all new/enrolling IHSS IPs to complete their Department of Justice Live Scan electronic fingerprinting, a State-mandated requirement. Currently, new providers are required to pay \$47 for the procedure, a small but not insignificant out-of-pocket cost for potential caregivers. The local cost of including this initiative in the PA's budget in FY 2023-24 and FY 2024-25 is estimated at \$139 thousand each year, and will be funded through DAS/HSA savings accumulated in the current fiscal year.

### **IHSS Contract Mode Capacity**

San Francisco continues to be the only county in the state that operates a contract mode service option for the benefit of IHSS consumers who cannot direct their own care. Specifically, the City's IHSS program reserves contract mode services for individuals with complex needs, such as serious mental illness, substance use disorder, and/or cognitive impairment. During the pandemic, the demand for contract mode services grew in response to the City's accelerated efforts to house vulnerable adults experiencing homelessness. Additionally, the IHSS program continues to provide enhanced



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enrollment services to residents of permanent supportive housing (PSH) units, many of whom will benefit from contract mode IHSS.

Homebridge, San Francisco's contract mode provider, is actively working to hire more home care providers to meet the increasing need for services, although this is extremely difficult given the current labor market. Homebridge caregivers work with behaviorally-complex clients and frequently in the most challenging work environments. Given the steep competition for hourly-wage labor in San Francisco, Homebridge is struggling more than ever to attract and retain a workforce capable of meeting the City's expanding needs.

DAS continues to explore and assess potential budgetary and/or programmatic solutions to the shortage of home care workers in IHSS contract mode; any adjustments to the DAS aid budget in response to the challenges around contract mode capacity would be subject to Mayoral approval.

### **Implementing CARE Court**

San Francisco is one of seven counties in California that will be first to launch the Community Assistance, Recovery and Empowerment (CARE) Court program in October 2023, with the rest of the state to follow in December 2024. The CARE Court framework was established through Senate Bill 1338, approved by the Governor in September 2022, and aims to assist people with untreated psychotic disorders such as schizophrenia to obtain supportive services through a court-ordered Care Plan for up to 24 months. Counties are tasked with establishing and realizing this new service model that will require intensive collaboration between the court system and the Department of Public Health's (DPH) Behavioral Health Services division. While other City departments are tasked with directly implementing CARE Court, it is anticipated that several DAS divisions will experience increased client referrals, specifically, the offices of: the Public Conservator (PC), Public Guardian (PG) and Representative Payee (RP).

Referrals to the court can be initiated by family, behavioral health providers, county or community-based social services staff, or first responders, among other potential petitioners. Care Plans are to be managed by a community-based care team and include a set of clinically-prescribed, individualized interventions, which must include



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housing, medication and supportive services as appropriate. While CARE Court is intended to be an upstream diversion meant to prevent more restrictive measures, participants who are unable to successfully engage with elements of their court-ordered Care Plan may be referred to conservatorship.

For DAS, this means that through the CARE Court mechanism, some individuals may be identified as potentially appropriate for Lanterman-Petris Short (LPS) conservatorship and referred to the PC, while a smaller number may be referred to the PG for potential probate conservatorship. Whether or not these referrals ultimately result in a conservatorship of either type – both offices are required to explore every less-restrictive alternative – there will undoubtedly be an increase in workload pursuant to the advent of CARE Court.

An increase in individuals in need of RP services is anticipated due to the fact that financial management may be a required component in a substantial number of court-ordered Care Plans.

While it is difficult to accurately determine the potential CARE Court caseload – both the number of petitions filed and the percentage that become full-fledged CARE cases are hard to predict – the State posits that some 7,000-12,000 individuals are likely to engage with the system annually. At the local level, DPH has estimated that around 1,000 individuals in San Francisco will be evaluated by the court each year. Of that local estimate, DAS projects that 25 percent (250 individuals) may be referred to the PC, five percent (50 individuals) may be referred to the PG, and as many as 50 percent (500 individuals) could require RP money-management services.

Because of the great many variables around the implementation of CARE Court, DAS is not requesting any new, permanent staff to the aforementioned divisions, but rather to add as many as ten project-based, temporary positions to support the anticipated increase in workload. This approach has the dual advantage of allowing the department flexibility around both when and how many staff are added over the course of the next two fiscal years, plus control over when HSA must finance those positions, which it intends to do by holding cost-analogous vacancies within the agency. Once CARE Court is established, and client inflows better understood, the department will need to request permanent positions. The estimated local cost of



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all ten positions – which include five Estate Investigators, four Protective Services Workers, and one clerical staffer – is \$1.1 million annually.

### **Dignity Fund**

In keeping with Proposition I (2016), the FY 2023-24 budget will include an additional \$3 million in new Dignity Fund appropriation for program enhancements. Pursuant to the Dignity Fund's Service and Allocation Plan (SAP), the new funding in FY 2023-24 is designated to support services under the Case Management & Care Navigation and Community Connection & Engagement program areas.

The Case Management & Care Navigation portfolio of programs facilitate service connections and assists individuals with complex needs to navigate available resources, which in turn promotes stability in the community. DAS-funded Case Management providers delivered services to over 1,300 clients in FY 2021-22. Community Connection & Engagement programming provides opportunities for older people and adults with disabilities to socialize, build relationships, and participate in meaningful ways in their community. The service is most commonly recognized through the dozens of community centers Citywide which receive DAS/Dignity Fund financing. In FY 2021-22, over 15,000 individual clients attended programs at their local community centers, doing things such as learning about technology, participating in an exercise class, or getting help with translating and completing documents.

Deployment of the new Dignity Fund allocation in these program areas will continue to be informed by the Dignity Fund Community Needs Assessment completed last fiscal year, as well as directing funds toward efforts to support DAS's network of community-based organizations in their reopening and post-pandemic operations.

### **State and Federal Investments in DAS Services**

DAS and HSA staff continue to administer multiple new investments from Federal and State sources. These include funds through: the American Rescue Plan Act (ARPA, \$4.5 M), the California Department of Aging (CDA) Connections, Health, Aging, and Technology (CHAT) program (180 iPads), the CDA Nutrition Infrastructure initiative (\$1 M),





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CDA Access to Technology (ATT, \$1 M) and Digital Connections (DC, \$1M plus 1,400 iPads), and State of California Older Americans Resilience and Recovery (OARR) program (\$1.4 M). All of these funds are included in the current-year budget, and will continue to be used to support community-based services for older adults and adults with disabilities. These funding streams are scheduled to run into FY 2023-24. Additionally, the State has recently announced the new multi-year Modernizing Older Californians Act (MOCA) funding (allocation is still TBD), expected to be available over the next five years. This new source will also primarily be used to support services through community-based organizations.

### **Disability Community Cultural Center**

Work on San Francisco's Disability Community Cultural Center (DCCC) continues. Preliminary construction has begun at the site, which is located on the corner of Grove Street and Van Ness Avenue in the Civic Center district. When completed, the site will have 112 housing units, with approximately 25 of those units reserved for people with disabilities who need supportive services to live at home. A dedicated space in the building will serve as the location of the DCCC. Completion of construction and move-ins are projected to begin in 2024. A procurement process is currently underway to identify a community-based provider to serve as the lead for continued development of the DCCC, with \$700 thousand in DAS funding allocated for this purpose. The launch of a virtual DCCC in advance of the brick-and-mortar location is included in DAS planning.

### **Online Resource Directory**

DAS continues work on its Online Resource Directory (ORD), scheduled to launch in early-2023. The ORD will provide DAS staff, community-based organizations, and the general public the ability to find information about services available in the City. The ORD will offer enhanced capabilities for DAS Integrated Intake and the staff of DAS-funded, community-based organizations, most notably the ability to provide in-system referrals on behalf of clients. In addition to DAS Integrated Intake, an initial cohort of DAS-funded organizations utilizing the directory and enhanced services will include DAS's Aging and Disability Resource Center (ADRC) portfolio of providers, plus the Family Caregiver Support Program (FCSP). ADRC and FCSP staff will





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be trained on the online resource directory and given access to the in-system referral process. Agencies in this initial cohort with other program offerings at their organizations (such as Community Services or Adult Day programs) will be encouraged to enroll clients in these programs through the ORD as well. The project is funded through a blend of State grant and local funds at an initial cost of \$888 thousand over three years.

**Other Position Actions**

DAS proposes the following positions changes in the FY 2023-24 and FY 2024-25 budgets:

- Seven substitutions to align positions with current department uses, as well as to increase operational efficiency and effectiveness of client services.
- Reassign 2 positions in order to accurately reflect in which division work is performed; these actions are cost neutral within HSA.
- One Manager I (0922) position in the Office of Community Partnerships previously budgeted at 0.63 FTE will now be budgeted at 1.0 FTE.

**Required Action and Recommendation**

With this memo, we request approval to submit the proposed FY 2023-24 and FY 2024-25 budgets for the Department of Disability and Aging Services to the Mayor's Office.